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BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

FILED

STATE OF NEBRASKA)	
DEPARTMENT OF INSURANCE,)	
)	
PETITIONER,)	ORDER OF SUPERVISION AND
)	LIST OF REQUIREMENTS TO
vs.)	ABATE SUPERVISION
)	NOTICE OF HEARING
)	
AMERICAN GROWERS INSURANCE)	CAUSE NO.: C-1359
COMPANY)	
)	
RESPONDENT.)	

The duly appointed and qualified Director of Insurance for the State of Nebraska, L. Tim Wagner, ("Director"), acting under the authority of Neb. Rev. Stat. §44-4801 and §44-4809 et al (Reissue 1998), and, being fully advised in the premises, hereby finds, orders and concludes as follows:

FINDINGS OF FACT

1. American Growers Insurance Company ("American Growers") is a Nebraska domestic property and casualty insurance company organized under the laws of Nebraska and authorized to do the business of insurance in Nebraska and various other jurisdictions. American Growers' home office is 535 West Broadway, Council Bluffs, IA 51503.

2. The Insurers Supervision, Rehabilitation, Liquidation Act, Neb. Rev. Stat. §44-4801, and specifically §44-4809, provides that the Director may issue an order of supervision in the event an insurer is in hazardous financial condition.

3. Based upon examination financial statements of American Growers, including those statements filed with the Department on November 21, 2002, the Director has reasonable cause to believe that American Growers is in hazardous financial condition as defined in Nebraska Insurance Regulations, specifically, Title 210, Nebraska Administrative Code, Chapter 55, section 4.06. Pursuant to said regulation, hazardous financial condition exists when an

insurer's operating loss in the preceding twelve month period is greater than 50% of its remaining surplus as regards policyholders.

4. American Growers' policyholder surplus for year ending December 31, 2001, was \$75,435,582. American Growers' policyholder surplus, as of September 30, 2002, declined substantially, to \$11,092,213. This constitutes a reduction in policyholder surplus in excess of 50% in a nine month period, constituting a financial condition which renders the continuation of American Growers' business hazardous to the public and its insureds.

CONCLUSIONS OF LAW

1. The State of Nebraska Department of Insurance has jurisdiction over the subject matter and over American Growers Insurance Company.
2. Grounds exist for placing American Growers under supervision pursuant to Neb. Rev. Stat. § 44-4809(2)(a)(i).

ORDER OF SUPERVISION

NOW, THEREFORE, it is hereby ordered by the Director that:

1. American Growers is immediately placed under an Order of Supervision pursuant to Neb. Rev. Stat. § 44-4809(2)(a)(i).
2. David Krumm, Chief Examiner of the Nebraska Department of Insurance, is appointed Supervisor. The Supervisor may appoint one or more Deputy Supervisors who shall have all powers and responsibilities granted by law, and expressly Neb. Rev. Stat. § 44-4801, 44-4809 et al.
3. American Growers shall pay all costs incurred by the Supervisor and any Deputy Supervisors in overseeing the operations of American Growers.
4. During the period of supervision, American Growers shall not undertake, engage in, commit to initiate, accept or renew any insurance business. Moreover, American Growers shall not commit to, initiate or continue activity beyond those that are routine in the day-to-day

conduct of its business, without the prior approval of the Director or Supervisor. The following activities, to the extent not necessary for the adjusting and payment of losses and expenses associated with claims adjusting, are understood to be outside the routine day-to-day conduct of American Growers' business, and, in no event shall American Growers' engage in, undertake or initiate the following activities without the prior approval of the Director or Supervisor:

- (a) Dispose of, convey or encumber any of its assets or its business in force;
- (b) Withdraw any funds from any of its bank accounts;
- (c) Lend any of its funds;
- (d) Invest any of its funds;
- (e) Transfer any of its property;
- (f) Incur any debt, obligation, or liability;
- (g) Merge or consolidate with another company;
- (h) Enter into any new reinsurance contract or treaty;
- (i) Terminate, surrender, forfeit, convert, or lapse any insurance policy, certificate, or contract except for nonpayment of premiums due;
- (j) Release, pay, or refund premium deposits, accrued cash or loan values, unearned premiums, or other reserves on any insurance policy, certificate, or contract;
- (k) Make any material change in management; or
- (l) Increase salaries and benefits of officers or directors or make any preferential payment of bonuses, dividends, or other payments deemed preferential.

5. Nothing in this order shall preclude the Director from taking further immediate action as deemed in the best interest of American Growers' policyholders and the public including commencement of further legal proceedings if and as necessary.

6. Nothing in this order shall preclude American Growers from requesting a hearing on this Order pursuant to Neb. Rev. Stat. §44-4809(6)(a). However, the request for a hearing shall not stay the effect of this order as expressly provided by law.

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LIST OF REQUIREMENTS TO ABATE SUPERVISION AND NOTICE OF HEARING

The Director hereby notifies American Growers that it shall convene and conduct a hearing in no less than 60 days to determine whether American Growers has complied with the following conditions as set forth in this Order. Those conditions are as follows:

1. American Growers is possessed of the minimum surplus and capital stock required by insurance laws;
2. American Growers has filed a risk-based capital plan and all necessary adjustments thereto if requested by the Director or Supervisor;
3. American Growers has filed periodic reports and monthly financial statements in the form and upon the dates requested by the Director or Supervisor; and,
4. American Growers' continued operation will not be hazardous to the public or holders of its policies or certificates.

Should the Director find after hearing that American Growers has failed to comply with any of the requirements set out above or has committed acts or is in the status or condition prohibited by Chapter 44 of Nebraska Revised Statutes, he may enter an Order applying the remedies and sanctions authorized by that Chapter or take such other action as he deems appropriate which is authorized by law.

Dated and effective this 22nd day of November, 2002.



L. Tim Wagner

Director

Nebraska Department of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Order of Supervision and List of Requirements to Abate Supervision and Notice of Hearing was served upon John E.

Martin, President, American Growers Insurance Company, 535 West Broadway, Council Bluffs,

IA 51503 on this 22nd day of November 2002, by certified U.S. Mail, postage prepaid.

Stacey M. Bulfinch

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